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News Feature

Prime Minister says expects 8.2% growth in 5-yr period to March 2012

India's economy is expected to grow about 8.2 percent in the five-year period ending in March 2012, and needs to grow faster than that in the next five years, Prime Minister Manmohan Singh said.

"We will end the eleventh plan (April 2007-March 2012) with about 8.2 percent GDP growth. This is short of the 9 percent target," Singh said at a planning commission meeting called to set out India's economic policy path for the next five years to end-March 2017.

The government expects the economy to grow at around 9 percent in 2011/12, compared with an estimated growth of 8.6 percent in the last fiscal year.

http://economictimes.indiatimes.com/news/economy/policy/prime-minister-says-expects-82-growth-in-5-yr-period-to-march-2012/articleshow/8046963.cms

India can be fourth most-powerful nation by 2025: SM Krishna

India can emerge as the world's fourth most-powerful nation by 2025, External Affairs Minister S.M. Krishna said while releasing a government-sponsored National Security Index study that currently places India one place lower.

"The revised National Security Index, an analytical tool developed to understand where we stand on various security parametres, points to India emerging as the fourth most powerful in the world by 2025," Krishna noted. "I recollect what MS Dhoni, the captain of India's cricket World Cup winning team, said a few days ago about his team's ODI ranking: 'If we keep playing well, the rankings will take care of themselves'," Krishna added.

The index rates India as the fifth most-powerful nation in the world, behind only the US, China, Japan and Russia.

The study, conducted by an eminent group of security and diplomacy experts led by former foreign secretary M.K. Rasgotra, rated India from among the world's top 50 countries with high gross domestic product (GDP).

The 50 nations were measured in terms of their defence capability, economic strength, effective population, technological prowess and energy security to arrive at the study's

conclusions, Foundation for National Security Research (FNSR) director Satish Kumar, who was part of the analysis, told.

http://economictimes.indiatimes.com/news/economy/indicators/india-can-be-fourth-most-powerful-nation-by-2025-sm-krishna/articleshow/8027877.cms

Overseas Investment

Govt planning 100% FDI in sea plane operations

Government is planning 100 per cent foreign direct investment in sea plane operations as there is scope of phenomenal growth of sea plane, general aviation and helicopter travel.

"With India having a long coast line, there is a need for concerted efforts to promote sea plane operations. They are significant for the economy of islands like Anadaman and Nicobar Islands and Lakshadweep," said S N A Zaidi, Civil Aviation Secretary while addressing a seminar on "Operations of Sea plane in India".

The seminar was organised by Pawan Hans Helicopters Limited which has started the country's first sea-plane operations -- Jal Hans -- in Andamans and Nicobar Islands.

He said that after general aviation and helicopter operations, there is scope of phenomenal growth of sea plane operations in India.

To promote the sector, the Civil Aviation Ministry has created a separate department to look after the matters related to infrastructure, safety, security and regulatory issues.

This would take care of disposal of cases related to cost and time of transactions in this sector, Zaidi said adding the the Ministry was strengthening the regulatory authority with the setting up of Civil Aviation Authority.

The Civil Aviation Secretary said there was a requirement of over 1,000 sea planes worldwide in next decade and "10 per cent of them should come to India".

Manufacturers like Donier, Viking and Russia BE 200 Jets also said there was tremendous scope for sea plane operations in India.

http://economictimes.indiatimes.com/news/economy/foreign-trade/govt-planning-100-fdi-in-sea-plane-operations/articleshow/8059761.cms

Ministers' panel to look into FDI in pharma sector

The government has ordered constitution of an inter-ministerial group to review India's foreign direct investment norms in the Rs 47,000-crore pharmaceutical sector. The directions were issued in a meeting of the Cabinet Committee of Economic Affairs (CCEA), chaired by prime minister Manmohan Singh.

"The inter-ministerial group will examine all concerns related to foreign direct investment (FDI) in the pharmaceutical sector and take a final call on whether any form of restriction is required," a government official told ET.

The immediate trigger for the move was the acquisition of Ahmedabad-based Paras Pharmaceuticals by British consumer goods and healthcare firm Reckitt Benckiser. Although the CCEA approved the deal on March 29 it directed constitution of the IMG as sections with the government had expressed reservations on the investment. The reservations were largely on account of a proposal that has been moooted by the department of industrial policy and promotion to restrict FDI in the pharma sector.

"The group will be constituted soon under the chairmanship of a Planning Commission member," said a DIPP official. DIPP is the nodal FDI policy-making body.

India had opened its pharmaceutical sector to 100% FDI via the automatic approval route in 2002. However, concern over spate of big ticket takeovers of Indian pharma companies by global drug majors prompted a rethink on the FDI policy in some sections of the government such as the health ministry.

The pharma sector has seen at least six big-ticket takeovers in the past five years. Among them was the 2008 acquisition of the country's largest drug maker, Ranbaxy, by Japanese firm Daiichi Sankyo for $ 4.6 billion. Piramal Health Care's domestic business was recently acquired by US-based Abbot Laboratories for $3.7 billion.

In line with the concerns, the DIPP proposed drastic changes in the policy. It has proposed to cap FDI in the sector at 49% and bring it on the approval route to ensure that all FDI proposals in the sector secure the nod of the Foreign Investment Promotion Board.

The Indian Drug Manufacturer's Association, which largely represents local pharmaceutical companies, is also seeking checks and balances, although it is in favour of a 74% cap on FDI.

http://economictimes.indiatimes.com/news/economy/policy/ministers-panel-to-look-into-fdi-in-pharma-sector/articleshow/8042819.cms

Trade News

Portugal looking to boost trade relations with India

Portugal is looking to boost its trade relations with India and particularly keen to improve the trade ties with Goa, its former colony.

Ambassador of Portugal, Jorge Roza de Oliveira , told that they are trying to work on the trade ties with India and especially Goa, its former colony, to make up for the existing trade deficit.

"We have excellent relationship with India, we have history and culture. But there is not much trade and investment happening," he said.

Portugal, which has good trade ties with its former colonies like Brazil and Angola, is looking to Goa as their destination for future.

He clarified that when he talks of trade deficit (India's exports surpass imports from Portugal), his fingers are pointed towards Portugal and not towards India.

Goa was ruled by Portuguese for almost 450 years, till it was liberated by Indian Army in 1961.

As per estimates, the trade between India and Portugal was to the tune of Euros 500 million bulk of which was accounted for by exports from India.

http://economictimes.indiatimes.com/news/economy/foreign-trade/portugal-looking-to-boost-trade-relations-with-india/articleshow/8066055.cms

India to sell 500,000 tonnes of grain to Bangladesh: Commerce minister

Dhaka commerce minister Anand Sharma said his country was ready to ship 500,000 tonnes of grain to Bangladesh under government to government deals.

"We are ready to ship 300,000 tonnes of parboiled rice and and 200,000 tonnes wheat to Bangladesh," Sharma told a conference with his Bangladesh counterpart Lt. Col (Retd) Faruk Khan in Dhaka.

The shipment is expected to start by next one week when Bangladesh decides through which port the consignment should be handled, Sharma said without giving details.

The Indian government had agreed to export 300,000 tonnes of non-basmati rice and 200,000 tonnes of wheat to neighbouring country following a request from Bangladesh late last year.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-to-sell-500000-tonnes-of-grain-to-bangladesh-commerce-minister/articleshow/8065555.cms

India-Ireland trade expected to grow 10 % by 2015: Ireland Minister

With the signing of the EU- India free trade agreement (FTA), bilateral trade between India and Ireland is expected to grow 10 per cent by 2015, a senior Ireland Minister said.

"There is a huge growth potential for Irish exports to India. We feel that the new FTA will open the doors for investments and trade between the two countries. We expect our bilateral trade to increase by 10 per cent by 2015," Ireland Minister for Enterprise, Jobs and Innovation Richard Bruton told.

In 2009, the bilateral trade between the two countries rose by 7 per cent to Euro 1 billion as compared to 2008.

The Minister, accompanied by a delegation of nine Irish companies, and 13 universities and technology institutes, was on a two-day trade mission to India (April 19-20) to meet key Indian political leaders and corporate decision-makers to endorse and promote Irish companies, products and services.

"The trade mission was organised because of the high growth potential for Irish exports to India and as a direct response to growing interest in the market," he said.

Over 30 Irish companies, ranging from software and IT to construction services to higher education, have their own offices in India, while 100 Irish companies are working with Enterprise Ireland and are in the early stages of selling to this market, Bruton said.

http://economictimes.indiatimes.com/news/economy/foreign-trade/india-ireland-trade-expected-to-grow-10-by-2015-ireland-minister/articleshow/8037260.cms

Sectoral News

Exports post highest ever growth in 2010-11

India's merchandise exports reached $246 billion, registering a growth of 37.5 per cent

while imports topped $350.3 billion, up 21.5 per cent year-on-year during financial year 2010-11. While the recovery had been happening at a sluggish rate in developed economies, bulk of the growth came from newer markets.

The government had set a target of achieving exports worth $200 billion in the last financial year. It had also set an ambitious goal of realising $450 billion in export of goods by 2014. In 2009-2010, exports ended up falling 3.6 per cent to $178.6 billion and imports declined by 5.5 per cent year-on-year at $286.8 billion.

“We have exceeded this year’s target by $46 billion even though there had been contraction in demand in the last financial year. We will strive towards achieving higher targets in the future,” Commerce and Industry Minister Anand Sharma said while releasing the provisional trade figures. He also said the trade deficit for financial year 2010-2011 was expected to end within the range of $105-110 billion. According to initial numbers, the trade deficit stood at $104.4 billion.

“The numbers indicate the current account deficit (CAD) is around a comfortable 2-2.5 per cent of the gross domestic product (GDP),” said Commerce Secretary Rahul Khullar. He said exports in March grew by a whopping 43.9 per cent to $29.1 billion, the highest growth so far and imports grew by 17.3 per cent reaching $34.7 billion. The official data with revised figures is expected to be released on May 1.

http://www.business-standard.com/india/news/exports-post-highest-ever-growth-in-2010-11/432888/

India's exports to cross $300-bn in FY12: FIEO

The Federation of Indian Export Organisations (FIEO) said the country's exports would cross USD 300-billion in 2011-12.

"In FY 11, exports touched USD 246-billion and we expect it to reach the USD 300-billion mark in FY 12. Asia, Latin America and Caribbean (LAC) region and Africa have been the main contributors to this growth," FIEO President, Ramu Deora, said.

Also, the signing of Comprehensive Economic Cooperation Agreement (CECA) and Free Trade Agreement (FTA) with Asian countries is expected to raise Asia share in our exports to 55 per cent by 2014, he said.

Deora said that engineering, chemicals, pharma and gems and jewellery would be the important sectors contributing to the increase in exports. These exports would be supplemented by traditional sectors, he said.

FIEO expects the exports to grow to USD 500-billion by 2014-15.

http://economictimes.indiatimes.com/news/economy/indicators/indias-exports-to-cross-300-bn-in-fy12-fieo/articleshow/8028442.cms

Engineering exports jump about 85% in 2010-11

India's engineering exports registered the highest ever growth of about 85 per cent to USD 60.1 billion in 2010-11, on account of a robust demand for the goods not only from major markets like the US, but also from Latin America.

During 2009-10, the exports were USD 32.5 billion, according to Engineering Export Promotion Council (EPCH) data.

"An impressive growth in the engineering exports has come about on the back of a strong demand from the US and the developing markets of Latin America and Middle East," EPCH Executive Director R Maitra said.

These exports would have been still higher, if there were no financial problems in Europe. "The European market is still sluggish," Maitra added. In March 2011, the exports grew by over 115 per cent to USD 7.4 billion year-on-year.

The US accounts for 30 per cent of the country's total engineering exports. In the government's strategy to double India's exports to USD 450 billion by 2013-2014, the engineering exports are set to play a major role.

Engineering export include exports of goods, transport equipment, capital goods, other machinery/equipment and light engineering products like castings, forgings and fasteners.

India's exports in 2010-11 stood at USD 245.9 billion, the highest ever since Independence.

http://economictimes.indiatimes.com/news/economy/indicators/engineering-exports-jump-about-85-in-2010-11/articleshow/8046880.cms

Minor ports beat major ports in traffic growth

Private and minor ports have overshadowed their larger counterparts, posting double-digit growth in traffic in fiscal 2010-11 on the back of better infrastructure and value-added services, data shows.

State-run Gujarat Maritime Board (GMB), which controls minor ports on the country's longest coastline, said traffic grew 12% with 231 million tonnes of cargo handled in 2010-11, compared with 206 million tonnes in 2009-10.

http://articles.economictimes.indiatimes.com/2011-04-22/news/29463122_1_major-ports-minor-ports-indian-ports-association

Marine exports at record levels despite recession effect

The earnings from export of marine products crossed the landmark figure of US $ 2.5 billion in 2010-11, the highest ever, accroding to provisional estimates of Marine Products Export Development Authority (MPEDA).

The export of marine products during April - March 2010-11 touched US $ 2.67 billion, a growth of 10.96 per cent in quantity, 20.42 per cent in rupee value and 25.55 per cent in US$ terms, compared to last year.

A total of 752,791 tonnes, valued at Rs 12,100.48 crore, were shipped last financial year as against 678,436 tonnes, worth Rs 10,048.53 crore, in 2009-10. The exports worth US $ 2.13 billion in 2009-10, the provisional figures show.

It may be noted that the achievement came in spite of the after effects of recession in the international market, Rupee becoming stronger vis-à-vis the Euro and the Dollar, the impact of the collapse of economies in Greece, Spain and Portugal in the EU region causing the depreciation of Euro against US $. EU is the largest market for Indian seafood items for the last five years.

Considerable increase was made in the export of frozen shrimp and frozen squid during the period. Large-scale production of Vannamei shrimp in addition to high productivity of black tiger shrimp and increased landing of squid might be attributed for the increase.

Major Export items

According to the provisional figures, frozen shrimp continued to be a major export item accounting 46 per cent of the total US dollar earnings. Shrimp exports during the period increased by 13 per cent, 35 per cent and 41 per cent in quantity, rupee value and US$ value, respectively. There is a considerable increase in unit value realisation of 24 per cent. Export of shrimp to USA has registered a tremendous growth of about 83 per cent in volume and 140 per cent in US$ terms.

Shrimp export to Japan also showed an increase of 17 per cent and 43 per cent in volume and US$ value respectively. India has also exported 10,000 tonnes of Vannamei shrimp during the period.

Fish, the principal export item in quantity terms and the second largest export item in value terms, accounted for 39 per cent in quantity and 20 per cent in US$ earnings, compared to last year's 12 per cent in quantity and 26 per cent in US$ realisation.

Frozen squid has a growth of about 49 per

cent and 74 per cent in quantity and in US$ terms respectively. Cuttlefish showed a decline of about 12 per cent in quantity but showed an increase of 16 per cent in US$ realization. There is a considerable increase of 32 per cent in the unit value realization of these items.

Dried items showed growth of 39 per cent in quantity but declined 11 per cent in US$ value. Export of value-added products also showed a growth of about 2 per cent in quantity and 12 per cent in US$ realization.

Major markets

The European Union (EU) continued to be the largest market with a share of 26 per cent in US $ realisation. However, there is a marginal decline of 1 per cent in quantity exported. USA regained the second place with a share of 16 per cent, followed by South East Asia with a share of around 16 per cent, China at 15 per cent, Japan 14 per cent, Middle East 5 per cent and other countries at 8 per cent.

Exports to USA registered a remarkable growth of 104 per cent in US$ realization and 47 per cent in terms of quantity during the year. Increase in export of shrimp and squid contributed to the growth.

Exports to Japan also registered a growth of 11 per cent in quantity and 36 per cent in US$ terms. Export of all items except chilled item showed an increasing trend in Japanese market.

http://www.business-standard.com/india/news/marine-exports-at-record-levels-despite-recession-effect/433356/

India's refining capacities to rise to 240 MTPA by Mar 2012

India's petroleum refining capacities is expected to rise to 240 million tonnes per annum (MTPA) by March 2012 from the current 188 MTPA, attracting an estimated investment of Rs 60,000-65,000 crore. The capacity addition is believed to boost country's exports of petroleum products, informed a top government official.

S Sundereshan, secretary, ministry of petroleum & natural gas, government of India stated that the country would have an excess petroleum refining capacity of around 90 million tonnes per annum in next 12 to 18 months.

"Currently, we have an installed refining capacity of 188 MTPA, while several green field refinery projects are lined up and are expected to be operational by March 2012. This will increase the total refining capacity to 240 million tonnes," he said adding that the new refining capacities would attract an investment of around Rs 60,000-65,000 crore.

Currently, India's total demand for the petroleum products is pegged at around 140 MTPA. This creates a spare capacity of 48 million tonnes per annum at the refineries. The spare capacity will increase to around 90 million tonnes per annum. The domestic demand is expected to be around 142- 143 tonnes per annum.

"We will be actually exporting a total of 90 million tonnes of petroleum products to some of the most developed countries including the US and European countries," added Sundereshan.

http://businessstandard.com/india/news/indias-refining-capacities-to-rise-to-240-mtpa-by-mar-2012/432951/

Jewellery exports rise 47% in 2010-11

Growth due to high consumer turnout in US retail shops; the US contributes nearly 38 per cent of global sales.

Driven primarily by the growth in cut and polished diamonds, overall jewellery exports from India rose a staggering 46.89 per cent in 2010-11.

According to the data compiled by the apex trade body the Gems and Jewellery Export Promotion Council (GJEPC), jewellery exports in the financial year 2010-11 surged to $43,139.2 million as against $29,358.5 million in the previous year. Jewellery sector contributes 16.67 per cent to India's total merchandise exports.

Rajiv Jain, chairman of GJEPC attributed the growth to high consumers turnout in the US retail shops. The US alone contributes nearly 38 per cent of global jewellery sales and hence, is a significant market. Varda Shine, CEO of Diamond Trading Company (DTC), a marketing arm of the global diamond mining giant De Beers, had recently said US consumers have started coming back to jewellery stores.

The significant rise in exports was due to the price increase in raw materials. Gold and silver prices have gone up by 28 per cent and 133 per cent respectively in the last one year. Similarly, prices of precious stones have perked up between 25-40 per cent in the last one year.

Considering the price rise as an occasional increase, the actual growth in volume terms was just 15 per cent, said Jain.

The growth in the sector was largely driven by cut and polished diamonds which registered an increase of 54.91 per cent at $28,251.9 million in 2010-2011 as compared to $18,243.9 million in the previous year. Cut and polished diamonds accounted for 65.49 per cent of the total exports baskets with gold jewellery comprising 29.86 per cent while

colour gemstones and other accounted for 4.69 per cent.

Gold jewellery exports also rose 33.27 per cent $12,885.6 million in 2010-11 from $9,678.7 million in the previous financial year. Coloured gemstone exports also increased 9.68 per cent in dollar terms with sector witnessing a rise from $286.78 million in 2009-2010 to $314.54 million in 2010-11.

Financial year 2010-11 saw UAE emerging as the largest exporting destination with 47 per cent of exports to the market, followed by Hong Kong with 22 per cent and the US with 11 per cent of exports.

"The industry is looking at a staggering growth of 46.67 per cent, the most we have seen in the past three years. India is looked upon as one of the leading players in the global arena and at GJEPC we believe that this growth path will continue in the coming year as well," said Jain.

Emphasising the need to promote brand India in the global market, Jain said, "Cutting every 9 out of 10 diamond pieces mined globally, Indian gem and jewellery industry enjoys a leadership position in manufacturing of diamonds, which is attributed to the in-house expertise of cutting and polishing. The world is eyeing India for trade across various sectors like diamonds, colour stones or jewellery. The focus is now to take India a level up in the value chain and promote the sector as a design destination globally."

http://www.business-standard.com/india/news/jewellery-exports-rise-47-in-2010-11/432795/

Rubber output increases 7.4% in March

India's natural rubber production in March rose 7.4% on year to 54,400 tonne, the state-run Rubber Board said in a statement, as record high prices prompted farmers to increase tapping.

The south Asian country's production during April 2010 to March 2011 stood at 8,61,950 tonne, up 3.7% on year, it said.

"Weather was conducive for tapping in March. In April also production is likely to be on higher side. We got rainfall in the past few days. It should boost tapping in coming days," said Ibrahim Jalal, treasurer, Indian Rubber Dealers Federation (IRDF).

The world's fourth biggest producer's consumption rose by 3.6% to 81,500 tonne in March from 78,650 tonne in the year-ago period, the Rubber Board said.

Consumption during April-March stood at 9,49,205 tonne, up 2% on year, as tyre makers

stepped up purchases to cater to ballooning tyre demand from the auto sector.

Imports halved in March to 6,200 tonne, while during April-March they stood at 1,77,482 tonne, largely steady compared to 1,76,756 tonne a year ago.

The benchmark May rubber contract on India's National Multi-Commodity Exchange (NMCE) was trading 1.3% lower at R23,700 per 100 kg at 1004 GMT on Tuesday.

http://www.financialexpress.com/news/rubber-output-increases-7.4-in-march/778497/0

News Round-Up

India to outpace China as fastest growing nation by 2015: ICICI

Driven by productivity enhancement and infrastructure development, India is expected to outpace Asian dragon China and become the fastest growing economy in the next four years, ICICI Bank said in a report.

"India is expected to grow at an average of 9.4 per cent in this decade and will outpace China by 2015, becoming the fastest growing economy," ICICI Bank said in a report titled The India Book: Growth Opportunities and Challenges.

It added, however, that the rise in growth trajectory will lead to the widening of the current account deficit to an estimated 3.7 per cent of GDP by 2014-2015, which implies a rise in absorptive capacity for capital flows to $ 173 billion by FY'15.

Demographic dividend, besides other factors including productivity enhancement, technological advancement, infrastructural focus and deepening financial markets would catapult India into the high growth trajectory.

The Planning Commission is looking at 9-9.5 per cent GDP growth for the the 12th Plan period (2012-2017), from 8.2 per cent in the current plan.

The country is estimated to have recorded an annual growth rate of 8.2 per cent during the 11th Plan, against 9 per cent target. The performance was impacted by the global financial crisis and drought.

The study noted that the private domestic consumption demand is expected to average 10 per cent annually over this decade as compared to an average of 8 per cent over 2005-10.

The domestic demand for air conditioners and refrigerators is expected to grow more than seven times by 2020, the report said, adding that the cellular industry is expected to double its subscription base.

At the same time, the savings rate is expected to rise to 41.3 per cent of GDP by 2020 while the investment rate is likely to rise to 46.9 per cent of GDP during the same period, it said.

Financing of the infrastructure target would increase the reliance on foreign sources and raise the need for exploring innovative sources of financing, the report added.

http://economictimes.indiatimes.com/news/economy/indicators/india-to-outpace-china-as-fastest-growing-nation-by-2015-icici/articleshow/8049412.cms

New Delhi, Mumbai in world's top global cities index

Two Indian cities have made it to the list of top global cities index by the Annual Citi/Knight Frank Wealth Report and the next decade is likely to witness significant improvements from emerging market cities particularly in the Asian behemoths.

New York has topped the overall cities index ranking, followed by London and Paris. New Delhi and Mumbai were ranked 37 and 38 in the coveted list.

The other cities in the top 10 slots include Paris in the third position, followed by Tokyo and Brussels in fourth and fifth ranks, respectively, while Los Angeles was slotted at sixth rank, Singapore (7th), Beijing (8th), Toronto (9th) and Berlin (10th).

Notwithstanding the fact that this year's ranking looks slightly too European and North American in flavour, but in the next 10 years time the list is all set for a big reshuffle, barring the top two slots which are likely to be retained by New York and London, respectively.

The main cities to watch in the coming decade being Mumbai, Moscow and Sao Paulo. They look set for a dramatic upswing in their status, with each expected to climb by between six and eight places over the next decade, the report said.

The 2011 Wealth Report assessed key markets across the world in terms of their provision of investment opportunities and their influence on global business leaders and the political elite.

http://economictimes.indiatimes.com/news/economy/indicators/new-delhi-mumbai-in-worlds-top-global-cities-index/articleshow/8037206.cms

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